

Lenia

From: Leandros Kontogouris <aphle@otenet.gr>
To: Eleftherios Georgiou <tedgeorgiou@yahoo.com>; <peter@suttonlawgroup.com>
Sent: 06 October 2000 06:47
Attach: english patent text.doc; registering NtO applet.doc
Subject: draft of patent text -- concept description

Panayi and Lefteri:

Good morning!

As promised, yesterday I faxed you back the non-disclosure agreement after I too signed it.

I am attaching to this e-mail the text that I have already filed with a Greek Notary Public and which describes the function of my software concept

(you may want to have a read of the attachments first, before you continue reading the e-mail that follows)

The most important parts are claim 1 and the two diagrams/drawings at the back (last two pages). The very last one presents at the top how the industry works presently and below what I am proposing to create.

The rest of the claims are features and functions that I would like to somehow mention in the patent, but without them being binding (so that someone that drops on of these features while copying the rest is still infringing my patent)

In claim 1, I describe what I believe that needs to be patented: it is what I referred to as the "core of the applet" in our yesterday's conversation.

A natural reaction that you may have after reading the description is whether users would want to use such software when today content is given out for free.

An easy reply is that such a "toll" mechanism is not applicable for allowing access to every electronic destination. If you are wondering where this would be applicable, an immediate answer is NAPSTER and its equivalents, or the websites of all subscription websites that provide content (think Wall Street Journal, the Economist and the like).

Currently to research the archives of such websites one needs to pay the full membership fee: most people don't because it may too expensive to pay \$50 for one article or a videoclip. Instead, you may be willing to instantly see one ad (on the spot or at an earlier time) and answer what is the ad all about in order to gain access to the desired content.

(Besides you may have a subscription in place for the economist if you are a regular reader but not one for, say, FORBES that just happened to have an interesting article once.)

Although today many websites offer their content for free (they presently have no alternative), they would happily shift to a model that brings them profits. This applet should be their way out of the impasse: being unable to charge for content. Therefore, the proposed software brings them a sustainable revenue model.

Many websites that would have existed today (but don't due to their lack of a sustainable revenue model) may now be created. (Think of it this way, wouldn't you make a website on law or Montreal if you knew that it could make real money out of it?)

As far as my proposed business plan, I have a few numbers but they need refinement.

Just to provide you with an early indication of what I have in mind, try to picture the following situation. For licensing the program to the AOLS and NETSCAPEs of the world we only ask for one cent of a dollar each time a viewer is using the application (as a cut of the advertised company's expense to the

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website). It works like tolls.

Currently the cost is - I believe - \$20 per thousand impressions (NOT click-thrus), i.e. 2 cents per impression.

Of course with impressions there is no guarantee that anyone registers the message mentally, whereas the way that our proposed software works is more similar to click-thrus that cost much higher (despite our banners being full screen and thus appealing). This means that the one-cent per each use of the applet may be reasonable. Then assume 200 Million users worldwide, making use of the application 5 times a day (numbers are only indicative). This results in \$10 Million per day!

Adjust the numbers any way you like: it still makes tons of money. AND this is only for the Internet; the same should be applied for the cellular telephony and interactive digital TV (the other two interactive digital platforms of the future).

I believe that there is a lot of money to be made if the project progresses the right way: this is the reason I did not want to discuss percentages at this point. We are international Greeks and we can find out ways for making anyone more than happy, which is an imperative for good business.

Peter, you mentioned discussing the idea with other Internet related people that you work with to determine the viability and feasibility of the project. I cannot prevent you from doing it, but just be careful with whom you talk because the figures are big.

Indeed, we will need some developers and programmers with time, but any serious software house around the world can build this (be it in Israel, India, Russia, etc.) Therefore we do not solely depend on US talent (at least not at this early stage): do not feel pressure to locate talent among the staff of the other start-ups you work with.

A few more things about the program that are not described in the attached text:

1. Users that truly HATE ads - no matter how customised they may be - will be able to purchase "viewing credit" with money. In effect the application will also allocate trans-website subscription credit. That is, instead of having to buy tens of subscriptions to surf the web and conduct research, one may want to buy credit that will be later distributed from us when we will do the distribution of these revenues to the websites.

2. Not all content may have the same cost in "viewing points". A popular or valuable article/video clip (or perhaps access to a free ISP for a certain amount of time) may require more "viewing points".

(It will be the website's responsibility to determine the correct "pricing" in viewing points. We only provide the platform, the market place if you wish. If websites charge too high they will suffer lower demand, if they offer content too cheaply they will not maximise their profits.)

3. An idea on how to proceed after filing the patent is to offer the platform for free to a major player for a limited time in the beginning in order to generate demand ("critical mass" issues). If the major player wants to keep it exclusively (therefore singularly commanding a whole chunk of the content website industry), they will have to pay generously !

However, for the second stage I presently favor an open platform where more demand is generated for us. We shall see, it all depends on what is offered.

4. Please think what to do with the european market patent-wise and how to deal with patenting the concept for cellualars and i-dTV

Closing, I apologise for the long e-mail but wanted to provided you with as much info as I can at this stage.

Write me if you have any question and let's talk on Monday.

Geia xara.

Leandros

PS: Check out the www.pet-mercant.com website to better picture why my proposal is different.

PS 2: I think a friend of mine may be contacting you soon with another patent request.

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From: Leandros Kontogouris <aphle@otenet.gr>
To: Eleftherios Georgiou <tedgeorgiou@yahoo.com>; <peter@suttonlawgroup.com>
Sent: 06 October 2000 08:46
Subject: Re: draft of patent text -- concept description

Dear Peter and Lefteri:

One more thing which I forgot to mention in my previous e-mail concerns the list of factors that influence demand for the software, i.e. the value drivers.

Assuming that the software is in place (through alliances?), revenues and demand are a function of:

- the number of required viewing points per electronic destination
- the number of links in a website that require viewing points before they become available.
- the number of content websites
- the number of websites that are visited by each user
- the user frequency per website
- the amount of time that users spend on the internet.
- the number of users
- the quality of ads (relevant, appealing, clear, user-friendly to absorb/recognize/identify) (e.g., game-like ads maybe available for a younger crowd)

Thst's all for now. Please confirm that you yestrday receive the faxed NDA.

rgds,

Leandros